

**ATU LOCAL 1596 PENSION FUND
MINUTES OF WORKSHOP HELD
February 10, 2004**

Board Members Present:

Thomas Lapins - Chairman
Brian Anderson - LYNX Appointee
Blanche Sherman - LYNX Appointee
Edward Johnson - LYNX Appointee (2:12 PM)

Others Present

Scott Baur - Fund Administrator
Jill Hanson - Fund Attorney

Agenda Item	Discussion	Decision	Follow-up
1.	Workshop called to order at 10:08 AM.		
2.	<p>Jill Hanson provided a brief review of the definition of disability used by the plan and the annual confirmation process for members retired with a disability pension benefit. The ATU Pension Fund had disability pension benefits equal to or greater in comparison to similar plans reviewed by Ms. Hanson. She noted that more liberal disability pension benefits might encourage participants to apply for a disability retirement.</p> <p>Lynx has a long term disability benefit integrated with the pension plan. The Lynx plan includes an own occupation definition of disability for the first three years, with an any occupation definition thereafter until age 65. The Trustees discussed the requirement that applicants must seek another job at Lynx, possibly creating an arbitrary standard. The Trustees considered requiring applicants to apply for job openings at Lynx for a limited period of time, creating a waiting period to qualify for a disability pension, or including an annual earned income offset against the pension benefit for income earned from other sources. The Trustees also discussed that a qualified disability applicant should be required to work at another job at Lynx if the pay for that position exceeds the disability pension. A waiting period of 18 months for the pension disability benefit would coincide with the benefit period for the disability policy maintained by Lynx. Finally, a member must terminate employment with Lynx to obtain a disability pension and lose seniority with the</p>		None.

	agency.		
3.	The Trustees discussed pension workshops for active members of the plan to coincide with the August quarterly meeting. The workshop would cover the pension plan provisions, principles of asset allocation, and basic retirement planning considerations.		PRC

Sincerely,

Edward Johnson
Secretary

**ATU LOCAL 1596 PENSION FUND
MINUTES OF MEETING HELD
February 10, 2004**

Board Members Present:

Thomas Lapins - Chairman
Mike Snyder – Union Appointee
Frank Lacock - Union Appointee
Brian Anderson - LYNX Appointee
Blanche Sherman - LYNX Appointee

Others Present

Scott Baur - Fund Administrator
Jill Hanson - Fund Attorney
Joyce Baldi
Paul Helmick – Retired Participant
Theora Braccialarghe – Actuary (By Phone)

Agenda Item	Discussion	Decision	Follow-up
*	Meeting called to order at 1:48 PM.		
5.	The Trustees reviewed the Minutes for the meeting of November 18, 2003.	Blanche Sherman made a motion to approve the minutes for November 18, 2003, seconded by Frank Lacock, and approved by the Trustees 5-0. The administrator will call Trustees prior to the meeting in the future, if adjustments to the regular meeting time are made.	PRC
6.	The Trustees reviewed the disbursements presented by the administrator for approval.	Frank Lacock made a motion to approve the disbursements, seconded by Brian Anderson, and approved by the Trustees 5-0. The Board requested copies of agreements with service providers with a summary of the regularly recurring fees paid by the plan.	PRC
7.	The Board reviewed the benefit applications pending approval. The Trustees asked about other possible beneficiaries to Charlestine Kieley, a deceased member of the plan. The Board also asked questions about Anibal Rodriguez, since he apparently continues to work past his retirement date. Brian Anderson will review the status of Anibal Rodriguez and report back to the Board.	Blanche Sherman made a motion to approve the benefit applications, seconded by Frank Lacock, and approved by the Trustees 5-0.	Brian Anderson
8.	The Board reviewed the statement of income and expenses, along with the balance sheet for the plan.	Blanche Sherman made a motion to accept the statement of income and expense, seconded by	None

		Frank Lacock, and approved by the Trustees 5-0.	
*	<p>Jill Hanson reviewed a change to the form for members applying for a disability retirement. Members with disability pension must also submit proof continuation of social security benefits.</p> <p>She then reviewed the discussion in the earlier workshop regarding the disability provisions of the plan.</p>	<p>The Trustees recommended that members receive a disability pension if that benefit exceeds the benefit provided by the long-term disability plan maintained by Lynx, although the member must terminate employment and lose seniority. Otherwise, the member would wait for 18 months to become eligible to receive a disability pension to coordinate the pension benefits with the disability plan provisions. Ms. Hanson suggested that the matter be given additional thought. She will draft language for possible changes to the plan.</p>	Jill Hanson
11 b.	Jill Hanson presented a waiver for partially vested members requesting a refund of contributions following termination.	Blanche Sherman made a motion to accept the form for use by the administrator, seconded by Brian Anderson, and approved by the Board 5-0.	PRC
11 c.	<p>Jill Hanson reviewed a divorce agreement provided by Paul Helmick, a retired participant of the plan. Mr. Helmick requested to change his joint beneficiary following his retirement. Actuary Theora Braccialarghe expressed concerns regarding the request, since some beneficiary changes for health reasons or age might subject the plan to adverse selection.</p> <p>Paul Helmick addressed the Board and explained his circumstances to the Trustees. Apparently, the health of the new beneficiary is poor, so the plan would not likely be adversely affected.</p>	<p>Jill Hanson indicated that she needed additional information regarding the divorce proceedings from Mr. Helmick. She also advised the Board that the issue should be addressed generically.</p> <p>The Board tabled further discussion regarding Mr. Helmick to the next meeting; the administrator will invite Mr. Helmick.</p>	Jill Hanson
*	The Trustees discussed the circumstances of two retired members, Mr. Pratt and Mr. Queeman, both continuing to work for Lynx past their retirement date. The Board previously addressed a similar situation for John Polk. Jill Hanson advised the Board that IRS guidelines prevent members from taking constructive receipt of their pension benefit while still working for the same employer.	The Board reviewed the procedures for processing applications for benefits. Blanche Sherman made a motion that the Lynx Human Resources Department should acknowledge all applications for benefits, including retirements and refunds. Brian Anderson seconded the motion, approved by the Trustees 5-0. Blanche Sherman made a motion for the administrator to notify members submitting applications that the plan cannot commence payment of benefits until Lynx verifies	PRC

		that the person has submitted a resignation. Brian Anderson seconded the motion, approved by the Trustees 5-0.	
*		The Trustees directed the Pension Resource Center to put Salem Trust on the agenda for the meeting scheduled on May 11, 2004. Salem Trust offers retirement workshops for members.	PRC
10.	Jeff Swanson reported that the strong market returns on equities continued since December 31, 2003. As of December 31, 2003, the plan had total assets of \$36,997,820, with 39.3% of assets allocated to fixed income, 4.1% to cash, and 56.6% to equities. Jeff Swanson advised that the plan should be more aggressive with the asset allocation, since the plan has a positive cash flow and a 60/40 target allocation to equities and fixed income. Salem Trust currently allocates new money to the ICC fixed income portfolio.	The Trustees asked the administrator to review billing by Salem to confirm that Salem does not charge custodial fees on mutual funds held by Merrill Lynch. Frank Lacock made a motion to direct Salem Trust to split new contributions received by the plan equally between ICC and Alliance. Blanche Sherman seconded the motion, approved by the Trustees 4-0.	PRC
10.	<p>Mr. Swanson reviewed the recent investment performance. The portfolio under performed for the quarter ending December 31, 2003, due to the asset allocation. The plan still has very strong returns, on the other hand, for the trailing 2- and 3- year periods. Over the past six years, the plan had higher returns with lower risk or volatility than the benchmark. All of the managers including Pimco also had a good quarter, although Pimco still has below average performance for the past 3 years. ICC positioned the fixed income portfolio very defensively, which reduced returns last year but should serve the plan well going forward.</p> <p>Jeff Swanson asked managers to comment on monitoring of holdings in the portfolios, for companies that might directly or indirectly support terrorist activities. Alliance Bernstein provided a proxy statement in response. Jill Hanson advised the Board that should not make social objectives a focus of the investment portfolio. The Department of Labor has guidelines for dealing with social investment objectives, and she suggested additional discussion on the matter at the next meeting.</p>	The Board requested that Pimco attend the meeting scheduled for May 11, 2004. The administrator will also provide Merrill Lynch with copies of the financial statement for the plan.	Merrill Lynch PRC
11a.	Jill Hanson requested a fee increase. She proposed an annual retainer of \$20,000 to include all matters except litigation. Her	The Trustees reviewed the resume for Ms. Jensen. The Board will vote on the fee proposal at the next	Jill Hanson

	partner, Bonni Jensen, will also attend a future meeting of the Board as scheduling permits.	meeting. The fee increase, if approved, will take effect retroactively on January 1, 2004.	
9.	The Board discussed the salary increase assumption used by the plan. Theora Braccialarghe reviewed the new step plan, which includes higher increases in later years and lower increases in early years. Theora noted that participants tend to work more hours to compensate for reductions in pay. She will review the pay progression plan in greater detail.	Ms. Braccialarghe advised that the Board should authorize an experience study for the plan. The Board previously authorized the experience study, which GRS will begin following completion of the actuarial valuation. She will attend the meeting on May 11, 2004, to further discuss the proposed modifications to the salary increase assumptions used by the plan.	GRS
*	The Trustees discussed the current funding proposals in collective bargaining between the agency and the union. The Board also discussed the current procedures to implement benefit improvements.	The Trustees acknowledged that past boards always implemented benefit improvements prudently, since the plan was able to establish a funding reserve account.	None
12b.	The administrator presented enhancements to the website currently maintained on behalf of the plan. The administrator can now provide benefit calculations to participants in real time through a secure internet link. The plan data always resides internally on the server of the administrator, and a log tracks the time, date, and information regarding calculations provided to participants online. Scott Baur proposed to implement the new capabilities for a one-time setup charge.	Frank Lacock made a motion to authorize the administrator to offer the online calculation system to participants for a setup charge not to exceed \$500. Blanche Sherman seconded the motion, approved by the Trustees 4-0. A motion to allow new hires to immediately enroll in the Share Account or Enhanced Benefit died without a second. The Board will revisit the issue at the next meeting.	PRC
13 & 14.	The Trustees directed the administrator to hold the enhanced benefit options until the next meeting. The Board then considered the matter of benefit overpayments to retired participants of the plan.	Jill Hanson advised that the Board should carefully review the benefit overpayments. She will provide a memo outlining options to the Board at the next meeting.	Jill Hanson
17. & 18.	There being no other business, and the next meeting having been previously scheduled for Tuesday May 11 at 1:30 PM, the Trustees adjourned at 5:2 PM.	Blanche Sherman made a motion to adjourn, seconded by Edward Johnson, approved by the Trustees 6-0.	None

Sincerely,

Edward Johnson, Secretary